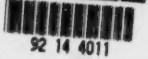

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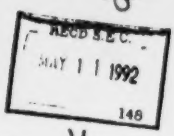

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 31, 1991 Commission File Number 0-4186

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

New York	13-1948169
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
160 Broadway, New York, NY	10038
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 587-9513

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes_____ No__X__

Number of common shares outstanding as of May 6, 1992: 253,455,563

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SEQUENTIAL INFORMATION SYSTEMS, INC.

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Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	January 31, 1991	July 31, 1990
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 124,625	$ 11,991
Receivables - Net of Allowances	602,015	92,295
Inventories - Net	2,218,898	-
Prepaid Expenses and Other Current Assets	74,168	49,744
Total Current Assets	3,019,706	154,030
Property, Plant and Equipment - Net	74,386	36,247
Other Assets:		
Deferred Charges and Other Assets	178,252	174,356
Accounts Receivable - Long Term	201,000	201,000
Notes Receivable	72,940	72,940
Investments - Common Stock	133,125	143,126
Net Assets Reacquired	-	2,324,885
Total Other Assets	585,317	2,916,307
Total Assets	$3,679,409	$3,106,584

See Notes to Consolidated Financial Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	January 31, 1991	July 31, 1990
Liabilities		
Current Liabilities:		
Income Taxes Payable	$ 19,219	$ 17,219
Accounts Payable and Accrued Expenses	1,097,463	778,912
Loan Payable - Bank	250,000	-
Notes Payable	449,740	436,543
Security Deposits Payable	3,500	3,500
Current Portion of Obligations Under Capital Leases	10,516	-
Commissions Payable	47,389	-
Accrued Payroll Taxes and Related Expenses	386,248	328,032
Accrued Interest	163,272	129,712
Total Current Liabilities	2,427,347	1,693,918
Long - Term Liability:		
Obligations Under Capital Leases (Less Current Maturities Included Above)	579	-
Shareholders' Equity		
Preferred Stock	2,962	2,962
Common Stock	2,534,573	2,534,573
Additional Paid - In Capital	13,975,528	14,061,585
Retained Earnings (Deficit)	<15,261,580>	<15,186,454>
Total Shareholders' Equity	1,251,483	1,412,666
Total Liabilities and Shareholders' Equity	$3,679,409	$3,106,584

See Notes to Consolidated Financial Statements.

and Subsidiaries

Statements of Operations

	Six Months Ended January 31,	
	1991	1990
	$ 960,351	$1,043,298
	1,809,130	-
	2,769,481	1,043,298
	692,935	704,459
	1,267,352	-
	1,960,287	704,459
	809,194	338,839
	709,069	385,900
	34,125	<47,061>
	<90,459>	<36,845>
	<16,500>	-
	<106,959>	<36,845>
	<72,834>	<83,906>
	2,290	2,000
	$<75,124>	$<85,906>
	$ -	$ -
	253,457,366	253,457,366

The accompanying notes are an integral part of these financial statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended January 31, 1991	1990
Cash Flows from Operating Activities		
Net (Loss)	$< 75,124>	$< 85,906>
Adjustments to Reconcile Net (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	44,040	15,557
Write-off of Customer Lists	16,500	-
Change in Assets and Liabilities:		
(Increase) in Receivables	< 23,054>	< 194,945>
Decrease in Accounts Receivable-Purchased	-	1,012
Decrease (Increase) in Prepaid Expenses	7,273	< 40,721>
Decrease (Increase) in Common Stock Investments	10,001	< 40,681>
Increase in Income Taxes Payable	2,000	2,000
Increase in Accounts Payable and Accrued Expenses	31,866	193,962
(Decrease) Increase in Notes Payable	< 3,712>	57,307
Increase in Accrued Payroll Taxes and Related Expenses	58,216	-
Increase in Accrued Interest	33,560	-
(Decrease) in Security Deposits Payable	-	< 2,500>
Total Adjustments	176,690	< 9,009>
Net Cash-Operating Activities	101,566	< 94,915>
Cash Flows from Investing Activities		
(Increase) Decrease in Deferred Charges and Other Assets	<722>	21,630
Company Acquired Net of Cash	11,790	-
Payment Received on Notes Receivable	-	52,828
Net Cash-Investing Activities	11,068	74,458
Net Increase (Decrease) in Cash	112,634	< 20,457>
Cash - Beginning of Period	11,991	36,243
Cash - End of Period	$ 124,625	$ 15,786

See Notes to Consolidated Financial Statements.

SEQUENTIAL INFORMATION SYSTEMS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the company as of January 31, 1991 and July 31, 1990 and the results of its operations for the three and six months ended January 31, 1991 and 1990 and changes in cash flows for the six months then ended.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the July 31, 1990 Sequential Information Systems, Inc. Annual Report which is incorporated by reference on Form 10-K.

2. The results of operations for the three and six months ended January 31, 1991 and 1990 are not necessarily indicative of the results to be expected for the full year.

3. Earnings per common share is computed by dividing the net income for the period by the weighted average number of common shares outstanding. Stock options and warrants have not been included in the computation of earnings per common share, as the result would be immaterial.

4. The results of operations for the three and six months ended January 31, 1990 and changes in cash flows for the six months then ended have been corrected for a change in accounting for Minority Interest.

5. In August, 1990 Sequential Electronic Systems, Inc.(SES) was reacquired by the Company and accounted for as a purchase. The results of operations of SES is included in the accompanying unaudited financial statements for the three and six months ended January 31, 1991.

The following summarized pro-forma (unaudited) informations assumes the acquisition had occurred on August 1, 1989:

	Three Months Ended January 31, 1990	Six Months Ended January 31, 1990
Revenues		
Fees and Services	$ 607,192	$1,043,298
Product Sales	644,399	1,185,133
Total Revenues	$1,251,591	$2,228,431
Net Income (Loss)	$ 6,843	$< 156,165>
Income (Loss) Per Share	$ -	$ -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Cash flow increased approximately $113,000 from $12,000 at August 1, 1990 to $125,000 at January 31, 1991. 90% of the increase was provided by cash flows from operating activities.

Results of Operations
Six Months Fiscal 1991 Compared to Six Months Fiscal 1990

Revenues increased approximately by $1,717,000 from the year earlier period as a direct result of the consolidation of Sequential Electronic Systems, Inc.(SES). Product sales of SES totalled $1,800,000 offsetting a decrease in consulting fees and service revenues of $83,000 or 8%. Direct costs increased by approximately $1,256,000 as a direct result of the consolidation of SES in the current period.

Interest expense increased approximately $54,000 or 146% as a result of an increase in debt from the prior period.

Second Quarter Fiscal 1991 Compared to Second Quarter Fiscal 1990

Revenues increased approximately $546,000 or 90% from the 1990 fiscal quarter. Product sales of SES, a reacquired subsidiary, totalling $783,000 more than offset a decrease in consulting fees and services revenues of $237,000 or 39%. Direct costs increased approximately $533,000 as a direct result of the consolidation of SES.

Interest expense increased approximately $28,000 or 136% from the previous fiscal quarter as a result of an increase in debt from the prior period.

PART II. OTHER INFORMATION

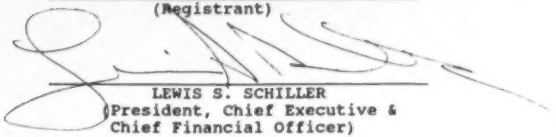
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) REPORTS ON FORM 8-K - There were no reports on Form 8-K filed for the three months ended January 31, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Registrant)



LEWIS S. SCHILLER
(President, Chief Executive &
Chief Financial Officer)

3/8/91
(Date)